

Message Text

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PAGE 01 STATE 208760
ORIGIN COME-00

INFO OCT-01 ARA-10 ISO-00 EB-08 /019 R

DRAFTED BY COM/BIC/OED/MEPD/WHAIMES/CF

APPROVED BY EB/OCA/CM/JJREILLY

COM/BIC/OED/MEPD/JN RANDOLPH, JR.

COM/BIC/OED/MEPD/SMCONGER, DIR.

COM/BIC/OIM/ASTERLING (INFO)

STATE/ARA/ECP/DTAHER (INFO)

STATE/ARA/MEX/EBITTNER (INFO)

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P 312149Z AUG 77

FM SECSTATE WASHDC

TO AMEMBASSY MEXICO PRIORITY

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E.O. 11652: N/A

TAGS: BENC, MX

SUBJECT: MAJOR PROJECTS: GUANOMEX PHOSPHATE FERTILIZER
COMPLEXT

REF: A) MEXICO 10321, B) STATE 153173

1. APPEARS GUANOMEX, AFTER GIVING U.S. FIRMS INDICATIONS THAT SELECTION OF CONTRACTORS FOR SUBJECT PROJECT WOULD BE BASED ON ORIGINAL PROPOSALS, HAS NOW DECIDED TO RETENDER ENTIRE PROJECT. TENDERS SUPPOSEDLY UNDER PREPARATION AND ARE EXPECTED TO BE ISSUED IN NEXT FEW WEEKS.

2. U.S. FIRMS ARE UNSURE AS TO REASON FOR NEW BID CALL.

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NEW SITE REQUIRED ADDITION OF SULFURIC ACID PLANT, BUT A SEPARATE TENDER HAD BEEN EXPECTED. FYI: THERE IS SPECULATION THAT GUANOMEX MAY DESIRE TO BRING IN NEW BIDDERS, WHICH WOULD, OF COURSE, BE AN ANATHEMA TO FIRMS WHO HAVE ALREADY SPENT CONSIDERABLE TIME AND MONEY ON FIRST BID. ONE U.S. FIRM BELIEVES GUANOMEX MAY BE CONSIDERING DIFFERENT APPROACH BY CALLING FOR

BIDS ON PROJECT MANAGEMENT CONTRACT ONLY. PROJECT MANAGER COULD THEN ASSIST IN SELECTION OF PROCESS TECHNOLOGY AND OTHER PROCUREMENT. END FYI

3. ORIGINAL TENDERS APPARENTLY CALLED FOR SIX BIDS: PHOSPHORIC ACID PLANT, NITRIC ACID PLANT, DIAMMONIUM PHOSPHATE PLANT (DAP), GRANULATION, GENERAL MANAGEMENT (GM), AND OFFSITES. AS EMBASSY AWARE, DAVY POWERGAS (FLORIDA SUBSIDIARY OF BRITISH FIRM DAVY, INT'L) BID ON ALL SIX PARTS. BADGER ADVISED THAT IT WAS BIDDING DAP, GM, AND OFFSITES. COMPANY WAS INTERESTED IN PHOSPHORIC ACID PLANT BUT WAS DISQUALIFIED ON A TECHNICALITY. FOSTER-WHEELER BIDDING ONLY GM AND OFFSITES. ALL THREE FIRMS HAD BEEN INTERESTED IN UPCOMING SULFURIC ACID PLANT TENDER. OTHER COMPETITION INCLUDED UHDE (FRG) AND KREPS/RHONE POULANC (FRANCE).

4. RE FINANCING, GUANOMEX TEAM RECENTLY VISITED WORLD BANK AND WE UNDERSTAND FROM FIRMS THAT PROSPECT FOR LOAN APPROVAL IS FAVORABLE. DO NOT KNOW WHETHER GUANOMEX WAS ABLE TO GET IBRD TO INCREASE ITS PARTICIPATION.

5. FYI ONLY: ACCORDING TO DAVY, WORLD BANK CREDITS (AND WORLD BANK PROCUREMENT GUIDELINES AS WELL) WOULD NOT LIMITED OFFICIAL USE

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HAVE COVERED MOST OF PROCESS PLANT PROCUREMENT. AS EMBASSY AWARE, DAVY HAD OBTAINED EXIMBANK PRELIMINARY COMMITMENT FOR 15-16 MILLION DOLLARS. WE ALSO UNDERSTAND THAT DAVY'S FINANCING PACKAGE INCLUDED SOME TIED CREDITS FROM EUROPE AS WELL AS COMMERCIAL CREDITS FROM BANK OF AMERICA (WHICH DAVY APPROACHED AT OUR SUGGESTION), CHASE, AND/OR A BRITISH BANK. WE ARE UNCERTAIN AS TO DAVY'S PROCUREMENT PLANS, BUT BELIEVE GOOD PORTION OF PROCESS PLANT TECHNOLOGY AND EQUIPMENT MIGHT BE SOURCED FROM EUROPE (ESPECIALLY ON NITRIC ACID PLANT). FOSTER-WHEELER AND BADGER HAD NOT MADE FINANCING ARRANGEMENTS AS THEY WERE GIVEN IMPRESSION THAT WORLD BANK AND NAFINSA CREDITS WOULD HAVE COVERED THOSE PORTIONS OF PROJECT WHICH THEY BID. HOWEVER, NEW TENDERS ARE EXPECTED TO CLARIFY FINANCING REQUIREMENTS, AND COMPANIES BELIEVE THERE WILL BE NEED TO PROVIDE SUPPLIER CREDIT PACKAGE ALONG WITH NEW BIDS. END FYI

6. ACTION REQUESTED: WOULD APPRECIATE EMBASSY'S CONTACTING GUANOMEX OFFICIALS AT APPROPRIATE LEVEL TO

EXPRESS USG INTEREST IN SUBJECT PROJECT IN SUPPORT

OF U.S. FIRMS' EFFORTS AND TO ASCERTAIN STATUS
OF GUANOMEX PLANS. WE ARE INTERESTED IN ANY
INFORMATION EMBASSY CAN DEVELOP REGARDING TIMING
AND SCOPE OF NEW TENDER ISSUE, OUTCOME OF WORLD
BANK VISIT, FINANCING ARRANGEMENTS (PARTICULARLY
NEED FOR SUPPLIER-ARRANGED CREDITS), AND WHETHER NEW
BIDDERS WILL BE INVITED TO PARTICIPATE.
CHRISTOPHER

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Message Attributes

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Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 31-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: N/A
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